

A-Engrossed
House Bill 3094

Ordered by the House April 11
Including House Amendments dated April 11

Sponsored by Representative MARSH; Representatives FAHEY, HELM, KENY-GUYER, MEEK, SALINAS, SCHOUTEN, SOLLMAN, WILDE, ZIKA, Senators DEMBROW, FAGAN

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Home Weatherization, Retrofit and Affordability Program for Housing and Community Services Department to provide incentive payments to construction contractors undertaking energy improvement projects on residential structures. Requires contractors to reduce property owners' costs by amount of incentive payments received. Reserves moneys for activities promoting healthy, affordable housing environments.

Authorizes department to enter into agreements with other units of state government to operate home weatherization programs.

Limits program expenditures.

Sunsets program January 2, 2023.

Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to Housing and Community Services Department programs; and prescribing an effective
3 date.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. The Legislative Assembly declares that the purposes of sections 1 to 5 of this**
6 **2019 Act are:**

7 **(1) Protecting jobs and the state's strategic capacity in the residential energy efficiency**
8 **industry;**

9 **(2) Enabling broad, equitable access to energy improvement projects;**

10 **(3) Improving health, safety and energy efficiency in affordable housing; and**

11 **(4) Investing in upgrades and maintaining homes to contribute to the maintenance of our**
12 **housing stock.**

13 **SECTION 2. As used in sections 1 to 5 of this 2019 Act:**

14 **(1) "Affordable housing" includes residential structures occupied by persons having low**
15 **or very low income.**

16 **(2) "Construction contractor" means a person holding a valid license endorsement listed**
17 **under ORS 701.021 (2)(a) to (c) and holding any additional license, certificate, qualification**
18 **or endorsement required by the Construction Contractors Board to provide the services**
19 **rendered.**

20 **(3) "Energy improvement project" means construction, reconstruction, alteration or re-**
21 **pair that reduces the energy requirements of a residential structure through energy con-**
22 **servation, weatherization improvements or increased energy efficiency. "Energy**
23 **improvement project" does not include a project related to:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

- 1 (a) Ground source heat pumps;
- 2 (b) Swimming pool heating;
- 3 (c) Hot tubs or spas; or
- 4 (d) Energy generation.

5 (4) “Low income” and “very low income” have the meanings given those terms in ORS
6 458.610.

7 (5) “Median income” means the median family income for an area, subject to adjustment
8 for areas having unusually high or low incomes or housing costs, all as determined by the
9 Oregon Housing Stability Council based on information from the United States Department
10 of Housing and Urban Development.

11 (6) “Residential structure” has the meaning given that term in ORS 701.005.

12 **SECTION 3.** (1) There is established the Home Weatherization, Retrofit and Affordability
13 Program in the Housing and Community Services Department. Through the program, the
14 department shall provide incentive payments under this section and sections 4 and 5 of this
15 2019 Act to construction contractors undertaking energy improvement projects.

16 (2) The department shall determine the incentive payment for an energy improvement
17 project under this section by multiplying a payment rate by the amount of the energy effi-
18 ciency resulting from the project over the projected effective useful life of the improvements.
19 For an improvement project that:

20 (a) Reduces electrical energy requirements, the units of increased energy efficiency are
21 based on the projected reduction in electrical energy requirements measured in kilowatt-
22 hours;

23 (b) Reduces natural gas energy requirements, the units of increased energy efficiency are
24 based on the projected reduction in natural gas energy requirements measured in therms;
25 and

26 (c) Reduces wood or oil energy requirements, the units of increased energy efficiency are
27 based on the projected reduction in wood or oil energy requirements measured in millions
28 of British thermal units (MMBTU).

29 (3) The department shall establish payment rate schedules by rule. The department shall
30 review and modify schedules biennially. The schedules may provide higher payment rates for
31 energy improvement projects on properties owned by persons or families of median, low or
32 very low income or projects in rural areas.

33 (4) Payments may not be made for a property under this section unless:

34 (a) The property is owner-occupied and the owner’s household has income during the
35 most recently completed tax year of no more than 150 percent of the state median household
36 income as determined annually by the department based on the United States Census
37 Bureau’s most recent American Community Survey or other similar sources the department
38 considers reliable;

39 (b) The property is affordable housing as determined by the department; or

40 (c) The owner is a charitable nonprofit.

41 (5)(a) To the extent that the annual budget for the program does not permit the full
42 implementation of the program, the department may revise the program consistent with the
43 purposes of the program to focus on:

44 (A) Continuing state engagement in providing customer support for the energy improve-
45 ment projects;

1 (B) Signaling that the energy improvement projects are beneficial to both residents and
2 their communities; and

3 (C) Maintaining a program framework that may be expanded upon receipt of additional
4 funding.

5 (b) In revising the program under this subsection, the department shall maintain the
6 following program principles:

7 (A) The program is available to properties statewide, but with an emphasis on projects
8 undertaken in rural areas;

9 (B) All construction contractors have access to the program; and

10 (C) The program is accessible to property owners across a wide range of income levels.

11 (c) In revising the program under this subsection, the department may consider adjusting
12 any parameters in the program, including the following:

13 (A) Reducing the target average percentage of funded project costs;

14 (B) Reducing project incentive caps;

15 (C) Providing differing targets, caps or eligibility for the benefit of lower income property
16 owners; or

17 (D) Providing a list of preapproved maximum allowable program costs for certain energy
18 improvement projects.

19 (6) The department, with the assistance of the Construction Contractors Board, shall
20 encourage construction contractors to communicate to customers who inquire about im-
21 provement projects information regarding the existence of the Home Weatherization,
22 Retrofit and Affordability Program and the program's payment rate schedules and eligibility
23 guidelines under subsections (3) and (4) of this section.

24 SECTION 4. (1) The Housing and Community Services Department shall develop and
25 make available methods for a construction contractor to estimate the reduced energy re-
26 quirements expected from an energy improvement project and estimate the corresponding
27 incentive payment.

28 (2) No more than once per month, a contractor may submit to the department informa-
29 tion, in a form and manner approved by the department, that includes:

30 (a) Estimates for energy improvement projects the contractor intends to carry out;

31 (b) The amount of the estimated incentive payment for an energy improvement project
32 as a line item on a written contract for the improvement project; and

33 (c) Copies of invoices, estimates or contracts given to a property owner that apply the
34 estimated incentive payment to reduce the amount owed.

35 (3) Upon receipt of the information submitted under subsection (2) of this section, the
36 department shall reserve moneys if the proposed qualifying energy improvement projects
37 listed total \$250 or more. The department shall pay to the contractor the incentive payment
38 owed upon timely receipt of proof acceptable to the department that the project is completed
39 if funds are in reserve. Requests for incentive payments for which moneys are not in reserve
40 are contingent on the availability of funds not in reserve.

41 (4) The department shall remove from reserved moneys amounts for incentive payments
42 if the department does not receive proof, on or before the 180th day after receiving infor-
43 mation for the energy improvement project under subsection (2) of this section, that the
44 project is complete.

45 (5) If the department denies any of an incentive payment due to the lack of available

1 funds, a contractor may not recover the denied portion of the payment from the property
2 owner.

3 **SECTION 5.** The maximum amounts paid from the Home Weatherization, Retrofit and
4 Affordability Program described in section 3 of this 2019 Act during a calendar year for en-
5 ergy improvement projects that reduce energy requirements as described in section 3 (2) of
6 this 2019 Act are:

7 (1) \$4,500 per single-family residence; or

8 (2) For multifamily residential structure, the lesser of \$4,500 per improved dwelling unit
9 or \$45,000 total for the structure.

10 **SECTION 6.** (1) The Housing and Community Services Department shall collect informa-
11 tion the department deems necessary to report relevant outcomes for the Home
12 Weatherization, Retrofit and Affordability Program under section 3 of this 2019 Act.

13 (2) No later than September 15, 2020, and each year thereafter, the department shall
14 provide a report to the Legislative Assembly or an appropriate committee of the Legislative
15 Assembly in the manner provided under ORS 192.245 on the information collected under
16 subsection (1) of this section.

17 **SECTION 7.** The amount of \$_____ is established for the biennium beginning
18 July 1, 2019, as the maximum limit for payment of expenses by the Housing and Community
19 Services Department to carry out the Home Weatherization, Retrofit and Affordability Pro-
20 gram described in section 3 of this 2019 Act from any moneys appropriated or otherwise
21 provided for purposes of the program.

22 **SECTION 8.** The Housing and Community Services Department shall request, as part of
23 its budget appropriations for the biennium beginning July 1, 2021, the amount of
24 \$_____ to carry out the Home Weatherization, Retrofit and Affordability Program
25 described in section 3 of this 2019 Act.

26 **SECTION 9.** Section 10 of this 2019 Act is added to and made a part of ORS chapter 470.

27 **SECTION 10.** The Home Weatherization, Retrofit and Affordability Program described in
28 section 3 of this 2019 Act is a weatherization program for purposes of referral to the Housing
29 and Community Services Department under ORS 470.650.

30 **SECTION 11.** The Housing and Community Services Department may enter into intera-
31 gency agreements with other units of state government, as defined in ORS 174.111, to carry
32 out department programs that provide home weatherization assistance.

33 **SECTION 12.** (1) Sections 1 to 11 of this 2019 Act are repealed on January 2, 2023.

34 (2) Notwithstanding subsection (1) of this section, if moneys appropriated for the pur-
35 poses of the Home Weatherization, Retrofit and Affordability Program established under
36 section 3 of this 2019 Act were reserved under section 4 (3) of this 2019 Act on or before
37 December 31, 2022, the moneys may be paid by the Housing and Community Services De-
38 partment to a construction contractor that has submitted proof of completion of the energy
39 improvement project that is timely under section 4 (4) of this 2019 Act if the department
40 makes the payment on or before June 30, 2023.

41 **SECTION 13.** This 2019 Act takes effect on the 91st day after the date on which the 2019
42 regular session of the Eightieth Legislative Assembly adjourns sine die.

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